

Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM

ARMY TIMES PUBLISHING COMPANY

APRIL 1980 \$1.00

6/5/80 C 0500-201



Bold Is Beautiful

In the Swim for '80:

- ✓ Bright Colors
- ✓ Light Fabrics
- ✓ Revealing Designs

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Low-Tar Fragments Tobacco Row: P.26

PETT Project Puts Suppliers 'On Line:' P.46

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Production Manager

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Advertising Production

Phyllis King

Executive Offices

475 School St. S.W.

Washington, DC 20024

(202) 554-7180

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Military Market INDEX

COMMISSARY SYSTEMS SALES¹ (x\$1,000)

DECEMBER YEAR-TO-DATE

CY 79 CY 78 CHANGE CY 79 CY 78 CHANGE

Air Force
CONUS
Overseas
Total

Navy
CONUS
Overseas
Total

Coast Guard
CONUS
Overseas
Total

Army²
CONUS
Overseas
Total

Marines
CONUS
Overseas
Total

All Commissaries²
CONUS
Overseas
Total

About Last Month's MM Index

Despite our assurances, we still are experiencing production problems in bringing you this MM Index each month. In fact, the all-important year-end December index in last month's issue was so unreadable, we are reprinting it correctly this month. Hopefully you've seen the end of these problems.

—The Editor

Individual figures may not add to totals due to rounding.

¹Sales include appropriate surcharges.

²CY 1978 sales are estimated from USA quarterly sales data.

EXCHANGE SYSTEMS SALES¹ (x\$1,000)

DECEMBER YEAR-TO-DATE

CY 79 CY 78 CHANGE CY 79 CY 78 CHANGE

AAFES
CONUS
Overseas
Total²

Marines
CONUS
Overseas
Total

All Exchanges
CONUS
Overseas
Total

Navy³
CONUS
Overseas
Total

Coast Guard
CONUS
Overseas
Total

Individual figures may not add to totals due to rounding.

¹Sales include concession volume.

²Includes catalog sales of \$3,167,000 for December 1979 and \$3,671,000 for December 1978.

³Does not include sales of ship stores which are now estimated to average \$6.9 million monthly as compared with \$6.2 million monthly in 1978.

Low-"Tars" Are High-Demand Items

By Nancy Tucker

The military continues to lag behind the civilian market in terms of its preference for low-"tar" cigarettes, but industry observers predict that it will catch up. In the meantime, new low-"tar" introductions and line extensions create problems for tobacco department managers.

CONSERVATIVE SUPPORTERS of the military who have worried that the increasing numbers of women in the services are eroding the "macho" image of the nation's armed forces should fret no longer.

Manliness is alive and well among our boys in uniform. At least it is if smoking trends are any indicator.

The military continues to fly in the face of national trends toward

low tar-and-nicotine cigarettes. Research shows that smokers in the service want full-flavored, heavy duty cigarettes more so than their civilian counterparts or the market as a whole.

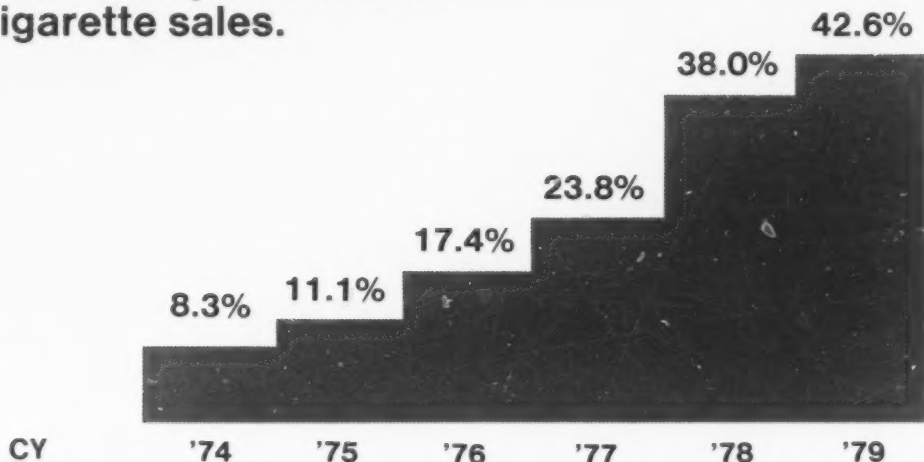
As a chart elsewhere in this article demonstrates, low-"tar" cigarettes (those that have fewer than 15 milligrams of "tar") last year captured more than 40 percent of all dollars spent for cigarettes.

Based on the recent picture, it

should be only a matter of a couple of years before low-"tar" types capture a full 50 percent or more of all cigarette spending. And it's conceivable that well within this century the market will reach the place where the smoker of heavy-duty cigarettes becomes a rarity.

Sources within the tobacco industry note that the growth in popularity of low-"tar" cigarettes is paralleling the situation that occurred when filter cigarettes appeared on the scene.

Low-"tar" cigarettes are moving toward 50 percent of all cigarette sales.



SOURCE: Industry research.

Low-"tar" defined as 14 mg. or less "tar" in '74, 15 mg. or less in later years.

"In 1953," says an official of The Tobacco Institute, a major trade group, "filters were an oddity on the market."

"Today," he continues, "filters are 90 percent of the market. The curve at the moment [for low-"tar" cigarettes] is pretty much on the same course."

"And no one knows where the curve will go."

The curve is, however, definitely on the upswing. In 1979, according to market watcher John C. Maxwell Jr., cigarettes containing 15 milligrams or less of "tar" brought in 42.6 percent of all cigarette dollars. This was an increase of more than four percent from the figure noted in the previous year.

The swing toward lighter smokes is also apparent in a pair of other statistical measures:

- Last year, for the first time, the average cigarette sold in this country yielded less than 15 milligrams of "tar." Researchers at the Federal Trade Commission, which computes tar-and-nicotine content for cigarettes sold in the United States, found that the sales-weighted average "tar" yield per brand slipped just below the 15 milligram point during the first quarter of 1979. And it dipped lower during later quarters of the year just past.

[As a historical note, the average "tar" yield per cigarette in 1960 was 27 milligrams. In the pre-filtered "bad old days" of 1955 it was a heavy-weight 37 milligrams.]

- Also, an FTC report issued in December 1979 noted that, of the 176 brands tested in the laboratory, 103 yielded no more than 15 milligrams of "tar." This compares with only 67 brands in May 1978, and represents the first time that more than half of all brands tested fell into the low-"tar" classification.

Although the trend toward light cigarettes is apparent in the military, smokers in the services are lagging behind the market as a whole in their preference for low-"tar" cigarettes.

The biggest reason for this is that most smokers of low-"tar" type cigarettes are people long accustomed to the smoking habit, folks who are moderately concerned about the health consequences of smoking but who don't yet want to give up their habit.

So instead of quitting altogether, they switch brands to lighter types.

But statistics indicate that younger smokers, especially those in the age range between 18 and 34 years, prefer full-flavor cigarettes. This is despite the reputation that this generation has for being health-conscious.

And the military population is heavily skewed to this age group.

So whereas the marketplace as a whole is showing a 40 percent-plus sales rate for light cigarettes, the current military incidence of purchase for low-"tar" smokes is less than half this figure.

But manufacturers are not particularly concerned about this. For military personnel smoke more cigarettes per capita than does the population as a whole.

In 1978, the most recent year for which comparable statistics are available, the average adult in the military worldwide smoked 9091 cigarettes, or more than 454 packs of 20 cigarettes each.

This compares with 3970 cigarettes (or 198.5 packs) for U.S. adults over 18 years of age.

Cigarette smoking by military personnel stationed overseas is even more impressive. Sales recorded on-base in '78 show that service people stationed abroad bought an average of 12,492 cigarettes, or a whopping 624-plus packs.

Industry sources feel that it is only a matter of time before the military catches up to the civilian trend in lighter smokes. Some observers predict that military consumption of low-"tar" brands could reach as much as 40 percent as early as 1981.

While other officials think that this is an optimistic prediction, it remains that most of the cigarette ads placed in publications aimed at the military are for low-"tar" types. And although consumption of light cigarettes still lags behind the full market, it is increasing within the military.

One of the consequences of the growth in popularity of low-"tar" cigarettes is a burgeoning in the number of brands on the market.

While these are providing smokers with an almost unlimited variety of strengths, flavorings and packagings to choose from, it's wreaking havoc for retailers.

Disposables Light Up The Market

WHILE RESEARCH indicators show that consumption of most types of tobacco products is either stabilizing or on the decline, there is an area of the smoking field that is continuing to show regular sales and unit increases — disposable lighters.

Throwaway lighters appeared in the marketplace in the early '70's and unit sales have grown to the point where industry sources confidently predict that 350 million will be sold during 1980.

If the prediction comes true, it will mean a 7.7 percent increase in sales from 1979's estimated 325 million unit market. This is nicely above the less-than-one-percent gain registered for cigarette unit sales in '79, and is encouraging in view of the continuing year-to-year losses in smoking tobacco and for most classes of cigars.

Industry sources point out that disposable lighters are very susceptible to impulse sales, and stress that "the best place to locate lighters is at the checkout." The other good store locations are either next to the tobacco section or pegged on an end aisle display.

Disposable lighters are extremely sensitive to promotional activity, and smokers tend to stock up with multiple purchases when they see disposables on sale. Research indicates that if every smoker in the nation was using disposables, each smoker would be purchasing and using something in the neighborhood of nine lighters a year.

So while book matches are still cheap or even free, the trends show that increasing numbers of smokers are foregoing matches or snazzy injectable fuel lighters for the convenience and cheapness of the disposables type.

TOBACCO

(Continued From Page 27)

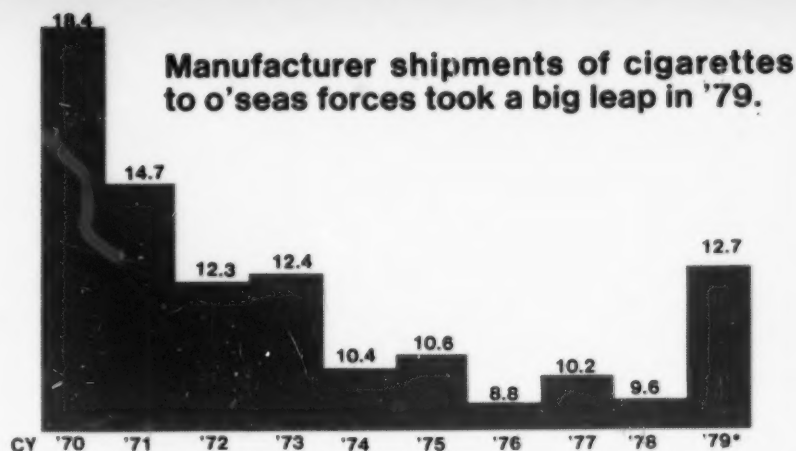
As recently as 1976, a cigarette display that carried only the top 10 brands would be capable of satisfying the needs of more than half of all smokers. And 90 percent of the smokers would be served by a display of just 50 brands.

But the introduction of new brands of low-"tars" plus the numerous brand name line extensions have fragmented the market to the point where it takes an increasing number of brands to satisfy the same number of customers.

In 1979, the top 10 brands accounted for a little less than 41 percent of all sales, a slippage of more than nine percentage points in only four years. Last year it took more than 60 items to satisfy the same nine-out-of-ten customers who were content with just 50 items in '76.

While brand proliferation probably is reaching a peak as manufacturers battle it out for "winners," and duds fall by the wayside, it's still likely to be a problem for military resale executives during the next couple of years.

Most commissary and exchange outlets have been trying to keep up with the changing whims of their customers by increasing the number of brands stocked in the



*Preliminary.

SOURCE: U.S. Department of Agriculture, the Bureau of Alcohol, Tobacco and Firearms, and the Bureau of the Census. Also includes ships stores, and small tax-exempt categories (principally prisons). Totals expressed in billions of units.

stores. But space and personnel limitations are imposing the obvious constraints on the upward limits of stockage.

Resale officials therefore are having to "work smarter, not harder" to satisfy shoppers' smoking needs. As a consequence, "Maxwell is the golden word in the military," as one source put it to MILITARY MARKET.

"Maxwell" is John C. Maxwell Jr., a statistician for tobacco (among other product groups) who publishes a quarterly analysis of cigarette trends. And it's the "Maxwell numbers" that are cited

repeatedly by resale officials as the last word in what should be carried in commissaries and exchanges.

But the Maxwell Report tracks brand sales on a national basis, and industry research reveals that there are significant variables in cigarette purchasing habits.

As already noted, the military segment of the population lags behind the full population in terms of full-flavor cigarettes versus low-"tars." Blacks in the United States have a higher regard for menthol cigarettes than do whites. Preferences for filter-tips, full-

NEW BRANDS CONTINUE MARKET SHAKEUP

The chart below shows how the continuance of new brand introductions and line extensions is eroding market shares for the top-selling items. In 1976 it took only 10 brands to satisfy more than half of all smokers, but by 1979 these top 10 items would fill the needs of less than 41 percent of all smokers. While share losses are evident throughout the top 100 brands, they are particularly marked in the top 40 items.

	'76	'77	'78	'79	Share Loss '76-'77	Share Loss '77-'78	Share Loss '78-'79	Share Loss '76-'79
TOP 10 BRANDS	50.4%	46.6%	43.5%	40.9%	-3.8%	-3.3%	-2.6%	-9.5%
TOP 20 BRANDS	67.3	63.5	60.0	57.6	-3.8	-3.5	-2.4	-9.7
TOP 30 BRANDS	78.2	74.8	70.8	67.9	-3.4	-4.0	-2.9	-10.3
TOP 40 BRANDS	85.1	82.2	78.9	76.2	-2.9	-3.3	-2.7	-8.9
TOP 50 BRANDS	90.0	87.2	84.6	83.3	-2.8	-2.6	-1.3	-6.7
TOP 60 BRANDS	93.5	91.1	88.8	87.7	-2.4	-2.3	-1.1	-5.8
TOP 70 BRANDS	95.7	94.1	92.5	91.2	-1.6	-1.6	-1.3	-4.5
TOP 80 BRANDS	97.5	96.1	94.7	93.4	-1.4	-1.4	-1.3	-4.1
TOP 90 BRANDS	98.5	97.4	96.7	95.4	-1.1	-0.7	-1.3	-3.1
TOP 100 BRANDS	99.0	98.4	97.7	97.2	-0.6	-0.7	-0.5	-1.8

flavor cigarettes, and so forth also vary regionally.

Consequently, there is some doubt as to whether the Maxwell-reported data should be taken as gospel for the military.

Total worldwide on-base sales of cigarettes reached \$560.5 million in calendar year 1978, the most recent year for which figures are available. This was an increase of 8.1 percent above 1977's total.

In '78, commissaries accounted for 33.9 percent of all cigarette dollars, and recorded a sales increase of 11.0 percent above the previous year. Exchange sales, while highest in total dollars (\$314.3 million), saw a smaller percentage increase (6.7 percent) than did the clubs, which recorded \$55.9 million in sales and a 7.3 percent increase.

Tobacco industry observers are not particularly hopeful about chances for any more than desultory growth in U.S. cigarette consumption. Per capita unit figures have been basically flat for the last several years, and total unit increases have been recorded basically only on the strength of an overall growth in the total adult population. Continued anti-smoking campaigns and an almost static picture for real income should help to depress consumption growth for the time being, say the experts.

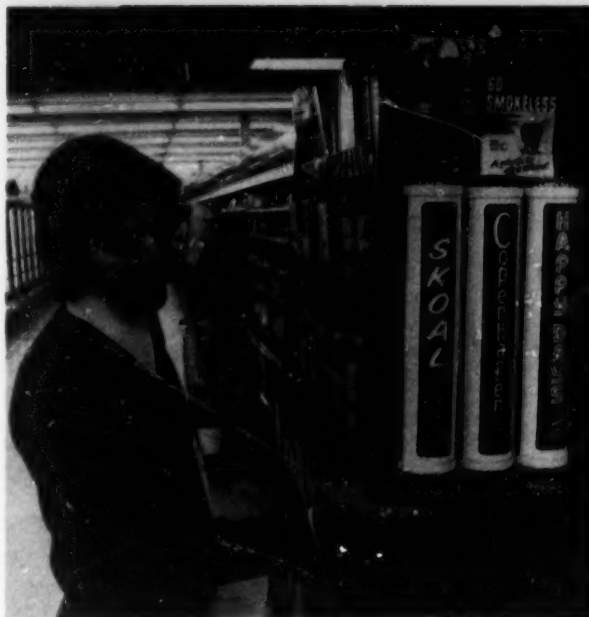
Sales of smoking tobacco in 1979 were expected to fall as much as 12 percent from 1978's figure, continuing a long-term downtrend in the popularity of pipe smoking and roll-your-own cigarettes.

Except in the higher price categories, cigar sales are expected to pitch downward again, carrying on a pattern begun in the mid-1960s.

The bright area of tobacco sales continues to be in the production and consumption of smokeless tobaccos. Snuff production in 1979, while expected to be below the previous year, when the final numbers are tallied, should not fall drastically. And sales of chewing tobaccos, both loose leaf and fine cut, are likely to rise "smartly," according to the experts.

The rise in usage of smokeless types is attributable to improved packaging, marketing, and also to the rise in the number of employment categories where the use of fire has been deemed hazardous.

(MM)



Some of your biggest tobacco profits could come from people who don't smoke.

It's no secret that a lot of people in this country spend a lot of money on tobacco. But a lot of people who enjoy tobacco just don't smoke. They get their tobacco pleasure from Copenhagen, Skoal, or Happy Days – the #1 brands of moist "smokeless" tobacco in the country.

This year, more than ever, it pays to stock "smokeless." We're putting over \$10 million behind our advertising and promotion programs, with six superstar spokesmen featured in commercials on virtually every major TV sports event. Plus an equally exciting campaign of national magazine ads.

So stock and display Copenhagen, Skoal, and Happy Days in our space-saving vendor units. You'll be amazed at the profits you can earn selling tobacco to people who don't smoke.

For more information contact:

National Accounts Department
U.S. Tobacco Company
100 West Putnam Avenue
Greenwich, Connecticut
06830



U.S. TOBACCO

Dated for freshness.

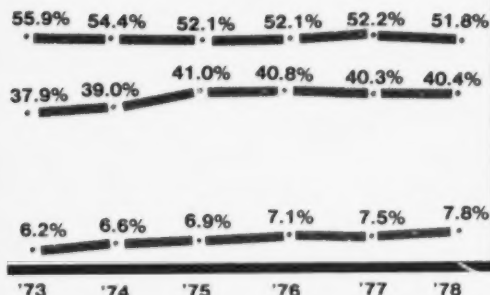
© 1979 U.S. Tobacco Co.

COMMISSARIES AND CLUBS ARE ERODING EXCHANGES' SHARE OF UNIT SALES OF CIGARETTES

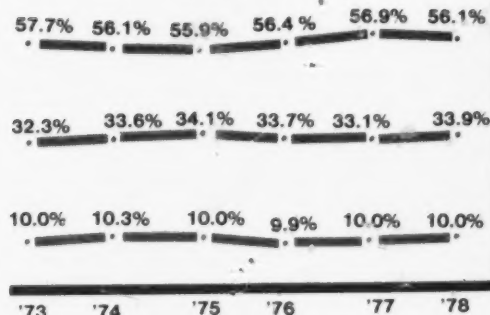
DOLLAR SHARES OF CIGARETTE SALES STAY RELATIVELY CONSTANT, EXCEPT OVERSEAS, WHERE COMSTORES ARE GAINING

EXCHANGES
COMMISSARIES
CLUBS

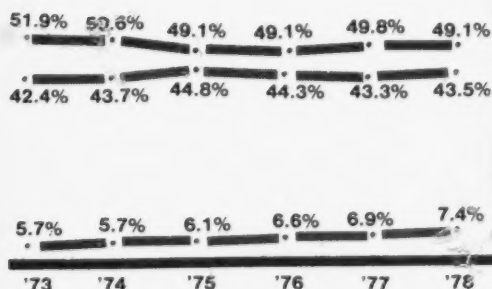
WORLDWIDE
BILLIONS OF CIGARETTES
'78 is 36.1 bil. units



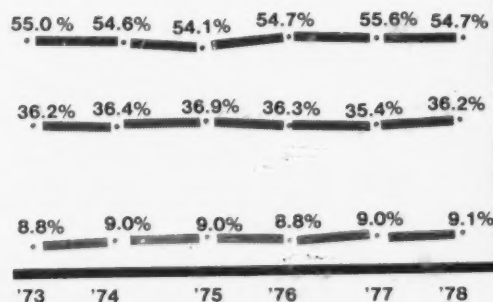
WORLDWIDE
IN DOLLARS
'78 is \$560.5 mil.



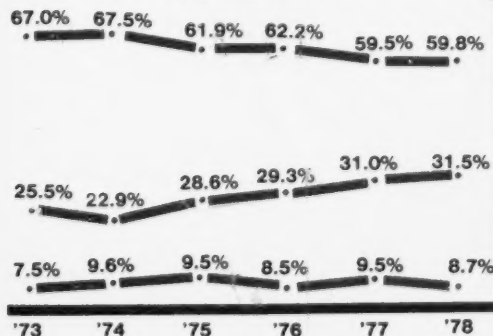
DOMESTIC
BILLIONS OF CIGARETTES
'78 is 26.9 bil. units



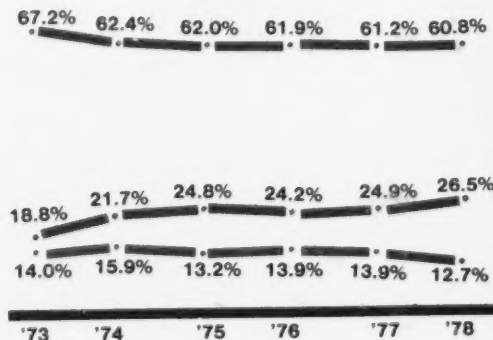
DOMESTIC
IN DOLLARS
'78 is \$429.2 mil.



OVERSEAS
BILLIONS OF CIGARETTES
'78 is 9.2 bil. units



OVERSEAS
IN DOLLARS
'78 is \$131.3 mil.



Charts show (1) percentages of total unit sales (by outlet of origin) and (2) percentages of total dollar sales (by outlet of origin) for military cigarette sales worldwide, domestically, and overseas.
SOURCE: Research Department, Army Times Publishing Company.

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While thousands jam PMA show, the all-important silver market crashes. **Page 14**

FROZENS STILL HOT SELLERS
The only limit on this category seems to be shelf space. **Page 30**

MELTING POT OF ETHNIC FOODS
The more Americans are exposed to specialty/gourmet offerings, the more they buy. **Page 38**

PLEASE FEED THE ANIMALS
Sales continue to soar in the pet food aisles. **Page 44**

CRASH COURSE IN ORLANDO
Take a merchandising course with NAVRESSO's Dale Turner. **Page 54**

TRACKING THE SLUMP IN RECORD SALES
Cautious optimism about the future of this troubled industry. **Page 64**

About the cover . . .
Design by Robert St. John, photography by Joe Matera. Silver bar courtesy of Deak & Perera.



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COMMISSARY SYSTEMS SALES¹ (x\$1,000)

	JANUARY			YEAR-TO-DATE		
	CY '80	CY '79	% CHANGE	CY '80	CY '79	% CHANGE
Air Force	CONUS					
	Overseas					
	Total					
Navy	CONUS					
	Overseas					
	Total					
Coast Guard	CONUS					
	Overseas					
	Total					
Army ²	CONUS					
	Overseas					
	Total					
Marines	CONUS					
	Overseas					
	Total					
All Commissaries ³	CONUS					
	Overseas					
	Total					
	116,203	107,246	+8.4	116,203	107,246	+8.4
	22,669	20,330	+11.5	22,669	20,330	+11.5
	138,872	127,576	+8.8	138,872	127,576	+8.8
	66,424	73,891	+17.0	66,424	73,891	+17.0
	25,792	22,626	+13.0	25,792	22,626	+13.0
	112,216	96,717	+16.0	112,216	96,717	+16.0
	46,243	42,301	+9.3	46,243	42,301	+9.3
	5,352	4,918	+8.8	5,352	4,918	+8.8
	51,595	47,219	+9.3	51,595	47,219	+9.3
	9,513	8,779	+8.4	9,513	8,779	+8.4
	150	148	+1.4	150	148	+1.4
	9,663	8,927	+8.2	9,663	8,927	+8.2
	415	447	-7.2	415	447	-7.2
	116	120	-3.3	116	120	-3.3
	531	567	-6.4	531	567	-6.4
	258,798	232,664	+11.2	258,798	232,664	+11.2
	54,079	48,342	+11.9	54,079	48,342	+11.9
	312,877	281,006	+11.3	312,877	281,006	+11.3

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Sales include appropriate surcharges.

² CY 1979 sales are estimated from TSA quarterly sales data.EXCHANGE SYSTEMS SALES¹ (x\$1,000)

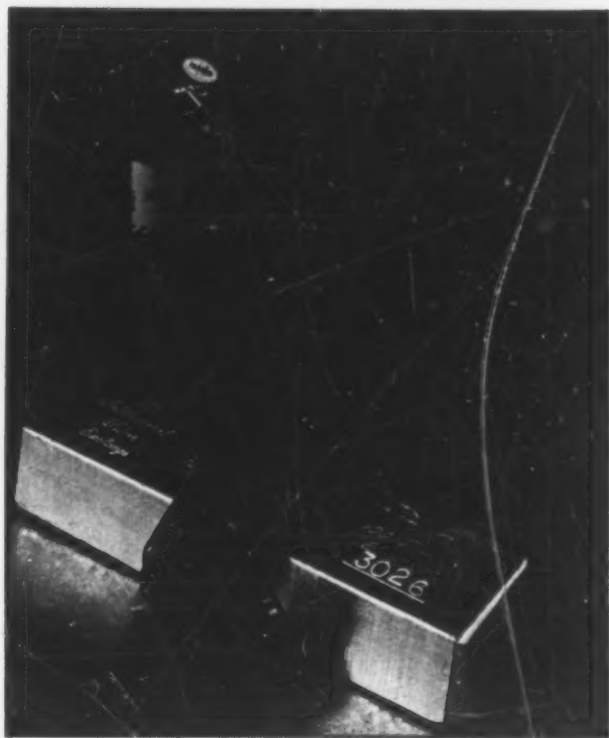
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AAFES	CONUS					
	Overseas					
	Total ²					
Marines	CONUS					
	Overseas					
	Total					
Navy ³	CONUS					
	Overseas					
	Total					
Coast Guard ⁴	CONUS					
	Overseas					
	Total					
All Exchanges	CONUS					
	Overseas					
	Total					
	143,159	126,094	+13.5	143,159	126,094	+13.5
	116,370	98,187	+18.5	116,370	98,187	+18.5
	261,938	226,624	+15.6	261,938	226,624	+15.6
	55,041	50,256	+9.5	55,041	50,256	+9.5
	23,878	22,169	+7.7	23,878	22,169	+7.7
	78,919	72,426	+9.0	78,919	72,426	+9.0
	16,527	15,750	+4.9	16,527	15,750	+4.9
	2,671	2,411	+10.8	2,671	2,411	+10.8
	19,198	18,161	+5.7	19,198	18,161	+5.7
	4,160	4,001	+4.0	4,160	4,001	+4.0
	525	504	+4.2	525	504	+4.2
	4,685	4,505	+4.0	4,685	4,505	+4.0
	218,867	196,101	+11.6	218,867	196,101	+11.6
	143,444	123,271	+16.4	143,444	123,271	+16.4
	364,740	321,716	+13.4	364,740	321,716	+13.4

Individual figures may not add to totals due to rounding.

Sales include concession volume.

² Includes catalog sales of \$2,408,960 for January 1980 and \$2,342,698 for January 1979.³ Does not include sales of ship stores.⁴ MM estimate based upon official data.

Photography's Silver Lining



By Donna J. O'Neal

Show photos by Donna J. O'Neal

SUNNY CLIMES greeted the 17,500 retailers who gathered in Las Vegas for the 1980 Photo Marketing Association show.

Amid a relaxed and colorful atmosphere, dealers were exposed to the products of a record 410 exhibitors, as well as advice from a host of seminar leaders, including:

- A number of new entries in the burgeoning automatic 35mm SLR camera field and some head-to-head technological competition from 35mm range finders;
- An array of lenses and camera accessories from new and established companies in the market;
- Upgraded-feature and full-system 110 cameras;
- Some heartening words from industry leaders on riding the crest of today's economy.

But at the very time these marketers were developing the photo course for 1980, one of the cornerstones of the photo market was gyrating wildly on Wall Street.

The international silver market collapsed during March, with the final fall to a low point of \$10.80 an ounce coming on March 27, the opening day of the PMA show. Silver had hit an all-time high of \$52.50 an ounce in late January — up drastically from its closing 1978 price of six dollars an ounce.

Americans were reminded about the link between silver and photography early in 1980, when Kodak raised its consumer film prices between 25 and 35 percent and other film prices by as much as 75 percent, in large part because of the rapid rise in the price of silver.

Kodak says it purchases about 50 million ounces of silver a year

for product manufacture. This means that, overall, just one dollar shift in the cost of an ounce of silver shifts the company's costs \$50 million.

Thus, like the automobile and its dependence on petroleum, the camera market's dependence on silver-based film has meant that complex economic factors are influencing the industry — and the factors largely are out of the industry's control.

Continuing wild fluctuations in the price of silver could have many more effects on the photography industry, including:

- Market shifts in the types and sizes of film consumers purchase — and related shifts in camera sizes;
- New emphasis on home dark-room activity. For the military this could mean greater use of on-



Kodak's spacious, brightly colored booth at the Photo Marketing Association show attracted crowds to pose with and be photographed by robots.

Minolta's booth sported the poster girl for the new Weathermatic-A camera like the new camera. She, is clad in bright yellow.



base photo labs and higher dark-room supply sales;

- Increased interest in non-silver photography, including video cassette photography;

- A silver lining in the silver crisis — more emphasis on skilled management techniques that would carry over after the current silver crisis has died down.

MILITARY MARKET takes a look at how the photography industry is developing in the face of economic challenges, technological growth and an increasingly sophisticated, educated consumer.

The Show

While there were few real surprises at the Photo Marketing Show, there were enough newcomers in various photography markets to keep attendees interested.

Moving the show from Chicago to Las Vegas, for the late March date, pleased just about everyone who traveled to Vegas. Displays from all 410 exhibitors fit neatly and spaciouly in the exhibit hall of the Las Vegas Convention Center. Aisles were wide and booths were creative — and competitive.

At the Kodak booth, two R2D2-like robots were on hand — one to pose with you, the other to take your picture using a Colorburst instant camera. The booth also

sported a mini-vaudeville show that highlighted the company's 100 years in business.

The Polaroid booth featured six, bright background scenes, reminiscent of "America's Main Street." Attendees could pose in front of as many of the scenes as they wished, while sales reps took their pictures using the new Time Zero instant film. Among the scenes were a fruit and vegetable stand, a millinery shop and a toy store featuring either Donald Duck or Mickey Mouse.

Sankyo's seemingly quiet booth burst to life periodically with a magic show and juggling act, with the performer balancing a tripod on his forehead.

Pentax popped with popcorn. Jerry Lewis showed up at the Nikon booth. Televisions in the Vivitar booth displayed the company's ad line. Cheryl Tiegs was all about — in cardboard and on film — at the Olympus booth.

Minolta's new Weathermatic camera was highlighted in a Superman-theme film at a miniature theatre. Yashica and other companies used innovative photo displays. Still others, such as ITT, used real flower or other photogenic props.

At the first Dealer General Session, Bruce Jenner, Olympic gold medalist, reminded dealers that

Silver Consumption in Photography

	Ounces millions	Percent of Total
1979	61.5	38.2
1978	60.0	37.6
1977	53.7	35.0
1976	55.5	32.8
1975	46.1	29.2
1974	49.6	27.8
1973	48.0	25.3

Photography industry is largest user of silver, followed by the electrical and electronic industry.

Source: Bureau of Mines.

PMA also means Positive Mental Attitude. He recounted his long road to Olympic victory in 1976, noting that it was his attitude, in the face of many adversities, that vaulted him ahead of his many competitors.

The Market

Statistical reports point to a sunny outlook for the photographic market. A Wolfman Report of the photography industry for 1979-80 notes that, "Despite persistent fears of recession, complicated by the existence of assorted political and economic crises, the photographic market continued its expansion.

"The Gross National Photo Product reached a record level of \$11,446,600,000 for 1978, with a 1979 GNPP projected at \$12,880,000,000. Unfortunately, the 1979 increase, approximately 12 percent, is due in large part to price increases, as inflation and higher costs made themselves felt in the photo industry.

"In real terms, the 1978-79 period can be viewed as an extremely high plateau," the report says.

The Wolfman Report indicates that instant photography has been a key factor in photographic industry growth. Instant photography accounted for about 40 percent of the total market with sales of about 2.5 billion in 1979. Total photographic retail sales were \$6 billion in 1979. Instant photography experienced remarkable growth in the last two years. In 1977, according to the Wolfman Report, instant photography represented about 33 percent of photography sales. Projections are that soon, instant photography will account for about half of all dollars spent on photography.

Upgraded features on instant cameras, such as auto focus, built-in flash and the fascination most consumers have with watching a photograph develop before their eyes, have definitely aided instant access camera market growth.

The 35mm camera market need not worry, however: The growth of instants will not be at the expense of conventional cameras, but, the Wolfman report indicates, is in concert with the growth of the 35mm camera market. Many photographers with an instant camera also own or will acquire a

'Scrip or Splurge' Syndrome

LAS VEGAS, Nev., March 27 — Economic uncertainty has spurred a consumer scrip or splurge syndrome, J. Phillip Samper, vice president, Eastman Kodak Co., told Photo Marketing Association members here today.

Samper said that, although inflation exceeded 13 percent last year, consumers continued to take pictures at a record rate — more than 10 billion instant and traditional exposures were made last year — for the second year in a row.

Samper attributed this phenomenon to the fact that Americans "are more interested in value than price per se." Thus they will scrip on certain product categories in order to splurge on those items that are important to them. Samper said this trend is favorable for leisure time photography.

SILVER: Samper said the silver situation could be a blessing in disguise to help the photo industry reduce costs, increase productivity and improve management skills.

"Silver is one of the most obvious productivity targets today," Samper said. Finishers now recover about 66 percent of recoverable silver, on average. Kodak wants to help increase that rate.

PHOTO MARKETS: "The photography industry may have to revise its definition of photography as being strictly a leisure time activity. When it comes to weddings and other high priority events in the lives of families," Samper said, "people regard pictures as a necessity." For that reason, "Photography has managed to stay on the upside even when the economy is declining."

Samper stressed that photo demand is not limited to these necessity pictures, but includes "for fun pictures" as well. The for-fun segment, "is the most sensitive to how marketing efforts are managed in the 1980s," Samper said.

MARKET STRATEGY: In addition to cost control, to boost earnings, Samper urged PMA members to consider a marketing strategy he calls "positioning your business to the likes and dislikes of your customers." It makes excellent sense, he said, because for the most part, expenses simply are rearranged, the breakeven point does not increase and every dollar of new volume provides more working capital.

Making a place of business more appealing to today's woman shopper, who now initiates more than half of all picture-taking activity, would be one example of positioning, he said.

DEMOGRAPHICS: Three of four households take pictures, Samper noted. By 1990 there will be 94 million of these households. They will be composed largely of 25-45-year-olds, the fastest growing segment of the population and a segment better educated than its predecessors.

While the number of pictures taken in the United States more than doubled in the last 10 years, Samper pointed out that the lion's share of that growth occurred because of increased activity on the part of picture-takers. Less than a third of that growth, he said, can be attributed to an increase in the number of households taking pictures.

"The opportunity for increasing the number of pictures taken per household, however, is limited only by our imagination and ability," Samper said.

PHOTO

traditional type camera, since each type of camera has its own set of advantages and disadvantages.

Indicative of this, the 35mm single lens reflex camera market grew from about 1.25 million cameras sold in 1977 to approximately 1.6 million vended in 1978, and estimates of 1.8 million purchased in 1979. Technological advances in the 35mm SLR market have been responsible, in large part, for this growth.

Retailers should not overlook the non-reflex market either, because, according to the Wolfman Report, "In terms of overall value for the photographic dollar, 35mm non-reflex cameras would be strong contenders." Auto focus, smaller sizes and built-in flash have aided growth in this market.

110 cameras have not shown a strong market position, however. Wolfman reports that 110 camera sales dropped about 10 percent last year, from 9.1 million in 1978 to about 8 million in 1979.

Movie equipment sales also have been stagnant. In 1977, Wolfman says super 8 movie camera sales reached 767,000. This dropped to 580,000 in 1978 and super 8 movie camera sales are expected to drop again in 1979 to about 450,000. Super 8 projector sales also decreased from 601,000 in 1977 to 500,000 in 1978 and are expected to drop again in 1979 to 400,000.

Meanwhile video tape camera sales increased from 400,000 in 1978 to a projected 470,000 units in 1979.

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